

Message Text

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SUBJECT: OPENING OF HUNGARIAN ECONOMIC DAYS IN VIENNA

BEWT FOR ABRAHAMSON

1. ON NOVEMBER 13, 1975, EWTDO REP ATTENDED PRESS CONFERENCE GIVEN BY DIRECTOR GENERAL OF THE HUNGARIAN CHAMBER OF COMMERCE, DR. GERD BIRO, IN VIENNA ON OCCASION OF HUNGARIAN ECONOMIC DAYS, NOVEMBER 17 TO 21.

2. DR. BIRO SAID HUNGARY HAS BEEN STAGING HUNGARIAN ECONOMIC DAYS IN FOREIGN COUNTRIES SINCE 1967 AND THAT THE VIENNA EVENT WILL BE 44TH OF ITS KIND. PURPOSE OF THESE EVENTS IS TO INFORM FOREIGN TECHNICAL EXPERTS AND MANAGERS OF HUNGARIAN INDUSTRIAL CAPABILITIES AND AT SAME TIME PROVIDE FORUM FOR INTERCHANGING TECHNICAL INFORMATION AND DISCUSSING POSSIBILITIES OF INDUSTRIAL CO-

OPERATION.

3. WITH REGARD TO HUNGARY'S ECONOMIC SITUATION, DR. BIRO POINTED OUT THAT FOREIGN TRADE HAS ROUGHLY 50 PERCENT SHARE OF HUNGARY'S GNP. BEING HIGHLY DEPENDENT UPON RAW MATERIAL AND ENERGY IMPORTS, AND HAVING VERY LITTLE INVISIBLE EXPORTS HUNGARY MUST CONSTANTLY INCREASE HER COMMODITY EXPORTS IN ORDER TO OBTAIN FOREIGN EXCHANGE

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NECESSARY TO PAY FOR IMPORTS. MODERNIZATION OF PRO-

DUCT STRUCTURE AND PROMOTION OF SELECTED EXPORTS IS IMPORTANT ASPECT OF CURRENT ECONOMIC PLANNING. HUNGARY'S EXPORT DRIVE WILL CONCENTRATE ON TELE COMMUNICATIONS EQUIPMENT, PRECISION INSTRUMENTS AND APPARATUS, PHARMACEUTICALS, AND ROAD VEHICLES (BUSES) WHICH ALSO WILL INCLUDE EXPORTS OF COMPONENTS AND SEMI-MANUFACTURERS FOR THESE PRODUCTS. ON THE OTHER HAND, HUNGARY SEEKS IN PARTICULAR IMPORTS FROM THE INDUSTRIALIZED WEST WHICH WILL HELP HUNGARIANS PROVIDE TURNKEY INSTALLATIONS AND COMPLETE SYSTEMS ORDERED BY DEVELOPING COUNTRIES. DR. BIRO POINTED OUT, THAT HUNGARY HAS BEEN SUCCESSFUL IN ESTABLISHING GOOD BUSINESS RELATIONS WITH THE "NEWLY RICH" OPEC COUNTRIES BUT THAT TO FILL MOST CONTRACTS WITH THESE COUNTRIES, HUNGARIAN INDUSTRY MUST TURN TO WESTERN MANUFACTURERS TO SUPPLY VITAL EQUIPMENT.

4. SO FAR, HUNGARY HAS CONCLUDED SOME 400 COOPERATION AGREEMENTS WITH FOREIGN MANUFACTURERS, OF WHICH ABOUT 80 ARE WITH AUSTRIAN COMPANIES. BIRO SAID IN MOST CASES EXPERIENCES HAVE BEEN POSITIVE FOR BOTH PARTNERS. ON HUNGARIAN SIDE THERE IS DEFINITE INTEREST IN FURTHER INCREASING SUCH COOPERATION.

5. DURING THE FOURTH FIVE-YEAR PLAN (1971-1975), HUNGARY'S OVERALL INDUSTRIAL PRODUCTION INCREASED BY 38 PERCENT, WITH SOME INDUSTRIES SUCH AS TELECOMMUNICATIONS EQUIPMENT AND AUTOMOTIVE INDUSTRY FAR ABOVE THIS LEVEL. INCREASE WAS MAINLY ATTRIBUTABLE TO INCREASE IN PRODUCTIVITY, WHICH ROSE BY 6.3 PERCENT IN 1974. DURING FIRST THREE QUARTERS OF 1975, PRODUCTION ROSE BY 4.7 PERCENT, PRODUCTIVITY BY 4.9 PERCENT. HIGHER PRODUCTIVITY WILL ALSO BE MAIN CONTRIBUTOR TO PRODUCTION GROWTH PLANNED FOR FIFTH FIVE-YEAR PLAN. EXPECTED SMALL INCREASE IN LABOR FORCE WILL MAINLY BENEFIT SERVICE INDUSTRIES.

6. AS OF JANUARY 1976, HUNGARY WILL REVISE FACTORY PRICES AND CUT PRICE SUBSIDIES HIGHER THAN PROVIDED FROM BUDGET FUNDS. NET RESULT WILL BE CUT IN ENTERPRISES'S PROFITS. DR. BIRO'S ESTIMATED IT WILL TAKE TWO YEARS BEFORE HUNGARIAN ENTERPRISES WILL AGAIN REACH THE 1975 PROFIT

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LEVEL. CUT IN SUBSIDIES ALSO INTENDED TO FORCE ENTERPRISES TO MODERNIZE, INCREASE EFFICIENCY AND EXPORT CAPABILITIES. CONCERNING LATTER, HUNGARIAN NATIONAL BANK WILL MAKE AVAILABLE FORINT 45 BILLION AS LOANS EXCLUSIVELY FOR DEVELOPMENT OF EXPORT CAPACITIES. THESE FUNDS ALONG WITH COMPANIES'S OWN INVESTMENT FUNDS, WILL TOTAL FORINT 60 BILLION FOR THIS PURPOSE IN 1976-1980 PERIOD.

7. HUNGARIAN CONSUMER PRICES ARE EXPECTED TO INCREASE BY ABOUT 15 PERCENT IN SAME PERIO (I.E. 3 PERCENT PER ANNUM, AS COMPARED WITH INCREASES OF 2.5 TO 3.5 PERCENT DURING THE PAST YEARS). BUCHANAN

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